

A photograph of two women sitting at a table in a meeting room. The woman on the left has long red hair and is looking at a laptop. The woman on the right has dark curly hair and is looking at the laptop. There are glasses of water and papers on the table. The background shows a modern office environment with large windows and other people working.

# ASNPO AT A GLANCE

Section 4441 - Collections Held by Not-for-Profit Organizations

# Section 4441 - Collections Held by Not-for-Profit Organizations

Effective Date  
Fiscal years beginning on or after January 1, 2019

## SCOPE

**Applies to:**

- Accounting for collections held by NPOs

Collections are works of art, historical treasures or similar assets that are:

- Held for public exhibition, education or research;
- Protected, cared for and preserved; and
- Subject to an organizational policy that requires any proceeds from their sale to be used to acquire other items to be added to the collection or for the direct care of the existing collection

Collections are made up of rare and unique items that have cultural and historical significance. They are usually held by museums and galleries, but may be held by other organizations as well. Organizations holding collections act as custodians for the public interest.

**Does not apply to:**

- Works of art, historical treasures and similar items that are not part of a collection and are instead dealt with in Section 3032, *Inventories Held by Not-for-Profit Organizations*; Section 3051, *Investments* (in Part II of the Handbook); Section 4433, *Tangible Capital Assets Held by Not-for-Profit Organizations*; and Section 4434, *Intangible Assets Held by Not-for-Profit Organizations*, based on their intended use

## DEFINITIONS

### COST

- The amount of consideration given up to acquire items making up collections and includes all costs directly attributable to the acquisition of the collection items (e.g. design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation costs and duties, etc.)
- For contributed items, cost is deemed to be fair value at the date of contribution, plus all costs directly attributable to the acquisition of the collection items. Fair value may be estimated using market or appraisal values
- Cost does not include repair or maintenance expenses incurred in protecting and preserving collection items

### FAIR VALUE

The amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act

## RECOGNITION & MEASUREMENT

### COST OR NOMINAL VALUE

- Collections must be recorded on the Statement of Financial Position at either cost or nominal value
- A NPO must account for all collections using the same method (except as specified in paragraph 4441.07 outlined below)
  - Per paragraph 4441.07, when a NPO accounts for its collections at cost and cost cannot be reasonably determined for one or more contributed items or collections, the items shall be recorded at nominal value. However, this does not preclude the remaining items in the organization's collections from being recorded at cost
- If a collection item is purchased by a NPO at substantially below fair value, the item is recognized at its fair value with the difference between the consideration paid and the fair value reported as a contribution in accordance with Section 4410, *Contributions - Revenue Recognition*
- For a purchased collection item recorded at nominal value, the difference between the purchase price and nominal value is recognized in the Statement of Operations. All other costs attributable to the purchase of the item are also recognized in the Statement of Operations



## AMORTIZATION

Collections are not amortized due to their nature, which requires an organization to preserve the assets in perpetuity

## WRITE-DOWNS

- The value of a collection or collection item that is recorded on the Statement of Financial Position at cost must be written down whenever events or changes in circumstances indicate that its net carrying amount may exceed its fair value (refer to paragraph 4441.14 for examples of indicators of impairment).
- The net carrying amount of the collection or collection item is written down to its fair value or replacement cost
  - Fair value or replacement cost may be chosen on an item-by-item basis to measure the write-down of a collection or collection item
  - Any write-down of a collection is allocated to the items in the collection recorded at cost on a pro rata basis using the relative carrying amounts of those items
- A write-down is recognized as an expense in the Statement of Operations
- A write-down cannot be reversed

## DISPOSAL

- For contributed items subject to external restrictions, when the net proceeds on disposal exceed the net carrying amount, the difference is recognized in accordance with Section 4410, *Contributions - Revenue Recognition*
- For items not subject to external restrictions, or when the net carrying amount of an item exceeds the net proceeds on disposal, the difference between the net proceeds on disposal and the net carrying amount is recognized in the Statement of Operations
- Net proceeds are the proceeds from disposal less any costs directly attributable to the disposal

## PRESENTATION

The amount recognized as collections must be presented as a separate line item on the Statement of Financial Position

## DISCLOSURE

- A NPO must disclose the following in its financial statements about collections it holds:
  - A description of its collections;
  - The accounting policies followed with respect to the measurement of its collection;
  - Details of any significant changes to its collections in the period;
  - The amount of expenditures on collection items in the period;
  - For collections accounted for at cost, a description of any items or collections recorded at nominal value in accordance with paragraphs 4441.07 and .24;
  - For disposals of collection items:
    - Proceeds of any disposals in the period and how those proceeds were used;
    - The amount of any proceeds from prior periods spent during the current period and how the proceeds were used; and
    - The total amount of proceeds not yet spent at the end of the reporting period and the line item on the Statement of Financial Position this amount is included in, if not presented separately; and
  - In the period a write-down is recognized:
    - A description of the facts and circumstances leading to the write-down;
    - The amount of the write-down measured using each fair value and replacement cost; and
    - The amount of the impairment loss from the write-down and the line item on the Statement of Operations that includes this loss, if not presented separately
- Refer to paragraphs 4441.18-.21 for more guidance on disclosure



20 Wellington Street East  
Suite 500  
Toronto ON M5E 1C5  
416-865-0111  
[www.bdo.ca](http://www.bdo.ca)

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO Canada LLP to discuss these matters in the context of your particular circumstances. BDO Canada LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.